

The regular monthly meeting of the Gallatin Airport Authority was held March 11, 2008 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Steve Williamson, Greg Metzger, John McKenna and Kevin Kelleher. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

The first agenda item was to review and approve the minutes of the regular meeting held February 12, 2008. Kevin Kelleher moved to accept the minutes; John McKenna seconded the motion and it passed unopposed.

The second agenda item was the public comment period. There were no public comments.

The third agenda item was the terminal expansion project – Jamie Lenon. Mr. Lenon said they have been busy since the last meeting and that Michael Spitzer, Brian Sprenger, Ted Mathis and he have had a couple of good working sessions. The engineers have been busy assessing the existing building to see what is possible in terms of expanding services. Mr. Spitzer, Mr. Sprenger and Mr. Lenon met with the local TSA and airline local managers to fine tune the program in the Master Plan and change the generic square footage to the actual square footage.

Mr. Lenon said they have a lot of data gathered and will have it put together for the April meeting, along with the updated program and schematic. He said they are working on basic ideas, such as common versus exclusive space for the airlines and how that meshes with security.

Michael Spitzer, from RS&H, said that over the last month and a half, they have been coming from the airside and landside to iron out the dimensions of the building. They need

to consider the dimensions for the face of the building so they have the critical dimensions on the airside and the height of the floor so it will mirror the garage in the future. They are also looking at sidewalks, curbs and utilities coming into the building so they have a better feel for the program elements inside the building.

Ted Mathis, Airport Director, said he would like to put out a Request for Qualifications and Proposals for a general contractor construction manager (GCCM) and that he had sent the board members a draft. He said he would like it to be for 30% so we can consider the project at that point and decide to put the plans on hold for a while or proceed. The Request would be disseminated through plan exchanges, the local paper and the usual routes. The architects, engineers and staff will select the top three contenders and the board will choose one firm. There were no objections so Mr. Mathis will proceed with the Request.

Mr. Mathis said the first cost estimate for the preliminary design phase is \$509,555. Because the project will be partially funded by Passenger Facility Charges (PFC) funds, we have to follow Federal guidelines, which include a peer review. Mr. Mathis has chosen Terry VanSant, who is well known in this part of the country, and Mr. VanSant has agreed to perform the review. Mr. Mathis said we have to do it for all our federally funded airport improvement projects (AIP) and he has chosen several different firms over the years. In answer to a question by a board member, he said it is always possible that collusion could occur and that is why he doesn't have the same firm perform the reviews. Mr. Mathis said he has known Mr. VanSant for a number of years and knows he does good work. The peer review fee is reimbursable because it is a federal requirement.

Brian Sprenger, Assistant Airport Director, said we hope to have three contractors chosen by the April meeting. Because of the bonding requirements, he doesn't expect to receive more than four responses.

The fourth agenda item was to consider the request by Sky River Management, LLC to construct a 140' x 140' commercial hangar. Board Chair, Richard Roehm, said they sent a letter stating that they would like to build a maintenance base for the Falcon 7Xs they have on order. Mr. Mathis said they would like a 140' x 140' hangar on the east ramp that would allow access by the public and have utilities. Because the east ramp was set up for commercial operations and they will just be maintaining their own aircraft, Mr. Mathis doesn't believe they need to be on this ramp and he said they could be accommodated on the south side of Aviation Lane. Mr. Mathis recommended approving their request with the restriction that the hangar be built there rather than on the east ramp.

Because Arlin's Aircraft Service is a partner with Sky River Management in some of their ventures and a caretaker of their facilities in Bozeman, they asked Rick Keenan, from Arlin's Aircraft Service, to make their presentation. Mr. Keenan said that when Sky River made their request prior to the last meeting, they had requested a site on the east ramp. When Mr. Mathis recommended the site on the south side of Aviation Lane, they withdrew their request so they could review his recommendation. After studying all the issues, they would still like to have their hangar on the east ramp with the door facing north. If they agree to the recommended site, they will have to build a lot of the ramp space and will have to hope they can be reimbursed by the owner of the hangar they would share the ramp with. Because of the proposed future hangar mix, they believe this site would create dangers for small aircraft. They prefer the east ramp where they can do their engine tests and run up. Their first

Falcon7X is scheduled to arrive in August and they are ready to start building now. They've upgraded their fleet and hangar #90 is not big enough for the 7Xs.

Mr. Mathis asked if Arlin's would store some aircraft in the hangar when Sky River is not using it and Mr. Keenan said they would when Sky River is not occupying the facility.

Mr. Mathis said that the next request, which dovetails this one, is a request by Sunbird Aviation, Inc. and Barnard Aviation, Inc. to construct a 200' wide by 120' deep commercial hangar for aircraft storage, maintenance and operation of Sunbird's aircraft charter business. He said he has reviewed this request as well and based on the number of aircraft that they operate and their operation being commercial, he recommended this request be approved and they be allowed to construct this hangar on the remaining paved location on the east ramp. Mr. Roehm asked Mr. Mathis to explain the plan for the east ramp and the reason for his recommendation.

Mr. Mathis said the purpose of paving part of the east ramp area was so existing Fixed Base Operators (FBOs) would have space to expand their operations, for new operators of a similar type and for the larger freight haulers. The first group that applied for a hangar was Dolittle Construction and they said they had a client who was interested. The board approved their request. The next group was Central Copters and they wanted to be an FBO, and the board approved their request. They were unable to meet the requirements and sold their facilities to Yellowstone Jetcenter. They are currently building ER4 for their commercial operation. There is one space left with existing pavement and the estimate to expand the ramp area is \$1,140,000. Mr. Mathis said we are saving our AIP and capital improvement funds for the terminal area work. He believes the east ramp should be reserved for commercial operations with multiple aircraft, freight haulers and, in the future, tie downs.

Mr. Mathis said the second location has a taxiway, 3-phase power, sewer and water, paved streets and security fence with electric gates. He said we have made a tremendous investment for operations of this type. He said we can accommodate both requests quite well.

As far as long-term planning, we have done a great deal. We have set aside the first area on the south side of aviation lane for businesses and large private operations such as Sky River, which is near a commercial operation and has their own mechanics. They need street side access for passengers, employees and freight deliveries. There is a taxiway serving this area that is large enough for Boeing business jets. The area further south is for smaller aircraft and there is a finished taxiway for T-hangars and other hangars.

Mr. McKenna asked if it would alleviate concerns if we came up with the additional paving and ramp space and Mr. Keenan said it would alleviate the financial concerns but he said it still isn't the best fit for their operation. They could taxi to the deice area but it would take a lot more time and a lot more planning.

Mr. Mathis reiterated that they are a private corporation seeking a private hangar for private aircraft and that the front line has been reserved for commercial operations as spelled out in our Minimum Operating Standards for Fixed Base Operators. He said Sunbird Aviation has a commercial charter business and has a certificate meeting those minimum standards.

Mr. Roehm asked if Sky River would stay here if they didn't get the site they want and Bob Scherrer, representing Sky River Management, said he didn't know. He would have to take the offer back to his people. Mr. Roehm said we would like them to be here. Mr. McKenna and Mr. Williamson said they didn't like being in the position of not being able to

offer both businesses hangars on the front line. Mr. Williamson asked that Sunbird make their comments because Mr. Mathis has had the opportunity to state his position and Mr. Keenan was able to present his case for Sky River.

Gregg Fuller, representing Sunbird Aviation and Barnard Construction, said he didn't envy the board in having to make this decision. He said Sunbird does not want to be an FBO and dispense fuel but they are a commercial operation and meet the minimum standards as presented to them. He said they use services from both Arlin's Aircraft Service and Yellowstone Jetcenter, but their operation has grown too large to depend on them for all their support. He said they would like the board to consider allowing them to expand the front dimension from 200' to 240'. Mr. Mathis said that would be acceptable.

Mr. Fuller said Sunbird would like Sky River Management to be their neighbor so they could share equipment and support services, but they don't want to have to wait for federal funding for the ramp to be expanded. Mr. Fuller said if they needed to move to a different facility in the future, they would leave behind a building big enough for an FBO. He asked if enough of the ramp could be added to accommodate a hangar for Sky River as well. Mr. Mathis said it still would be an incompatible land use.

Mr. McKenna said they are trying to accommodate both companies.

Greg Metzger said he was ready for the vote because he believes the distinction between commercial and private operations is clear. He said he is perturbed at the suggestion that he, as a taxpayer, has to pay more money to subsidize a business at the airport and that we are considering a change for someone because they want it, not because it is appropriate to the use of our airport. Mr. McKenna said he respectfully disagreed with Mr. Metzger and that that this is the only kind of facility that would accommodate this kind of operation. He

said it would be different if they could just go downtown but they can't. He believes that subsidizing this kind of business is good for everybody.

Mr. Roehm said he doesn't want the discussion to go on forever but that he does want anyone who has a comment that is germane to the issue to be able to present it.

Mr. Keenan said that he couldn't find anywhere that says a company must be an FBO to be on the front line. He said that the board has commented several times that they should change the rule but never have. He believes it is inappropriate for them to suddenly say they have a hard and fast rule.

Mr. Metzger moved to approve the request by Sky River Management on the plot as shown by staff at 140' x 140' and we allow staff to negotiate to try to make the ramp more appropriate to the use of that building. Mr. Williamson seconded the motion and all board members voted aye. The motion carries with the modification of the location on the south side of Aviation Lane. It is Sky River's option to accept or reject the offer.

The fifth agenda item was to consider the request by Sunbird Aviation, Inc. and Barnard Aviation, Inc. to construct a 200' wide x 120' deep commercial hangar for aircraft storage, maintenance and operation of Sunbird's aircraft charter business. Mr. Roehm said this request was already discussed except it would be a 240' x 120' commercial hangar and it would be on the southeast corner of the east ramp. Mr. Williamson moved to approve the request by Sunbird Aviation and Barnard Aviation to construct a 240' x 120' commercial hangar in the location outlined by the Airport Director. Mr. Metzger seconded the motion and it carried unopposed.

The sixth agenda item was to continue consideration of hiring supplemental law enforcement staff. Mr. Mathis said that he had done additional research following the last

meeting and met with the Sheriff, at his request. The airport chairman was present. At that meeting, Mr. Mathis said he asked the Sheriff if he would extend our agreement for one year while we move toward having our own staff and he said no. He said he would agree to another 5-year agreement and then absorb the four officers that would be assigned to the airport back into his staff.

Mr. Mathis said that staff still remains convinced that the time has come to hire our own supplemental law enforcement staff and we are confident that we can have these officers trained and in place before the existing contract ends on June 30<sup>th</sup>.

Mr. Roehm asked Mr. Mathis to go into the lead up for this. He said some of the board members were concerned that this came on so fast and at a magnitude they weren't prepared for. Mr. Mathis apologized to the board and said that it has been discussed for several years, it was in the budget and a note was put in the budget that staff was seriously considering it because the contract is up this year. He said he sent some information to the board and no one had questions before the meeting so he thought it was sufficient. He said the Sheriff called most of the board members and had discussions with them. One of the reasons they are on the board is to hear comments from the public and other public officials.

Mr. Mathis said this program works at other airports. He contends that the Sheriff has some responsibility because we are in Gallatin County. The Sheriff has done a fine job in the past and we believe he will do so in the future if a major problem occurs.

Sheriff Cashell is out of town but Jim Oberhofer, the Undersheriff of Gallatin County, apologized for the Sheriff's absence and said he would try to answer any questions the board members have. He said the department would have to hire four more officers and then lay

them off at the end of the year if they just extended our contract for one year, and that is why it is unacceptable to them. If they lose the contract, they can proceed from there.

Mr. Roehm said he understood the reason for not extending the contract for one year and asked if there is a period that would work. He also asked if there is a mechanism for conflict resolution that would work more effectively.

Undersheriff Oberhofer said he would have to go back to the sheriff, the county and the airport to find out if there is a time frame that would work. In answer to the second question, he said he believes there is a resolution. He said there is a problem in the way alarms come in. He also said Lt. Wade is to be in conversation with Mr. Mathis or Mr. Sprenger anytime within reason that they say there is a problem.

Mr. Roehm said it is a bit of a challenge for the Sheriff to have all his deputies trained in the full spectrum of law enforcement duties they must be prepared for, and to have some of them dedicated to handle airport problems. He said it would decrease the ability to have all of the officers properly trained for everything. We would like to have three or four dedicated to the airport to handle the TSA's and our requirements. Mr. Roehm sees that as a basic incompatibility.

Mr. Oberhofer said having more officers trained for airport requirements was being addressed in the proposed contract and would be phased in over the 5-year period. He said there is a possibility of meeting somewhere in between.

Mr. McKenna isn't convinced we can have our own force as economically as we estimate. He said he could possibly be convinced we need our own law enforcement and he might be convinced to spend more, but he can't be convinced we can get it done in 90 days. He asked if we would be able to hire the officers the county would have to lay off if the

contract were extended for a year or two. He also asked if the Sheriff's Department could help us get to a more logical transition.

Mr. Oberhofer said there are a number of things to consider. Even though he believes Mr. Mathis has done his homework, he doesn't believe five or six officers are enough. If one of our officers makes an arrest, he will have to take the person to the county jail, wait for the paperwork to be done and take the paperwork to the county attorney. The officer may have to take statements and be present for a trial. Mr. Oberhofer said the Sheriff's Department has 49 other officers to back fill, but he has concerns that we would be short handed in that situation. Undersheriff Oberhofer said possibly the Sheriff's Department needs to come back and renegotiate some items and that a couple of items had been renegotiated in the current contract. He said there would be some pros and cons for officers going from the county to the airport.

Mr. Kelleher said he is concerned that there will be unanticipated costs if there is a major theft, homicide, arson or gun crime on airport property. He has asked private enterprises on the ramp and they like what we have versus the unknown. He is also concerned that we may not be ready within 90 days. He said his concern is for public health and safety, and if something bad happens, he wants to know the cavalry is coming.

Mr. Williamson said he is confused between security and investigation of a crime because our concern is security for the flying public and he asked what the situation is. Undersheriff Oberhofer said the officers the Sheriff's Department sends out provide law enforcement, not just public safety duties. We would be taking on the law enforcement responsibility as a total package for everything within our defined entity area. If there were an investigation the Sheriff's Department was helping with, our officer would be the lead

officer. The Sheriff's Department has a backup tactical team, arson investigators, evidence technician and detectives. Mr. Oberhofer said he doesn't know how supplemental support would be provided.

Mr. Metzger said he is still on the fence. He believes we haven't received all the customer service we're paying for in our monthly payments of \$32,000. He said that greater law enforcement has a greater vision and doesn't include all we want or perceive we need. He said that we have the best airport he has ever been to and that we have enough issues to deal with outside of law enforcement. He is concerned that the Sheriff's Department won't work with us through our issues and maybe it is time we have our own force. He said the intent of the Sheriff's Department is to serve the people of the county and believes we will have some service from them and the Belgrade Police Department.

Mr. Kelleher said he agreed with a lot of what was said. He is looking ahead and believes the cost will be far more than anticipated. He said we know what we have with the Sheriff's Department. He said he respects Mr. Mathis and Mr. Sprenger immensely, but he is comfortable with the professional law enforcement as it now stands.

Mr. Mathis said there would probably be time involved for investigations and transporting people to jail. He researched law enforcement at some neighboring towns and they put out a call and receive support. He said he hopes that in time we will build the same spirit of cooperation. Hangar owners and businesses on the airport pay taxes that support the Gallatin County Sheriff's Department and Mr. Mathis is confident they will help out when they can. He said they used to come out when we contracted with the Belgrade Police. We are still part of Gallatin County and they have the overall oversight. We are not trying to push off additional duties but believe it would be a cooperative effort.

He said another resource available to us is the state investigative unit.

Mr. Williamson moved to support Ted and Brian in their effort to provide our own law enforcement. Mr. Metzger seconded the motion. Mr. Kelleher and Mr. McKenna voted nay. Mr. Williamson and Mr. Metzger voted aye and Mr. Roehm voted aye as a tiebreaker.

Mr. Roehm thanked the Sheriff's Department and said we feel we can make this move because we feel comfortable with the professionalism and confidence of the backing we will receive. He said that those of us who fly know that when you solo, it is an interesting time.

Undersheriff Oberhofer said he respects our motion and that we are starting a law enforcement entity and are taking on the responsibility for it. He said there are times when they will help us.

The seventh item was to consider expansion of the public parking lot at the airline terminal. Mr. Mathis said it is time to expand the public parking lot from 780 to 1,441 spaces in keeping with the Master Plan. Because there are cracks in the existing portion, we would like to resurface it after the expansion is complete. He said Standard Parking, the current parking lot concessionaire, suggested relocating the exit booths, having separate exit lanes for credit card customers, moving the entrances and separating the short-term and long-term parking areas. Those changes are included in the total estimate of \$2,301,515.93.

Scott Bell, the airport engineer from Morrison-Maierle, Inc., separated the project into two schedules because the curbs, gutters and access road may be AIP refundable in the future. Our federal grant AIP funds are currently being used for the Master Plan and being reserved for the terminal expansion project. The revenue generating portion of the project is not eligible and must be funded locally. The eligible portion is \$505,570.09.

Currently, we net approximately \$900,000 per year from the parking lot. We expect that to increase. Standard Parking would like to make the improvements and receive a long-term agreement. Mr. Sprenger said our growth is usually higher than estimated and it is not in our best interest to go that route. Standard Parking's lease is up August 31, 2008 and there are two one-year options to extend.

Mr. Mathis said it would be a prime time to adjust the rates after the construction is completed. We would have a short term and a long term lot and would be able to charge different rates for them.

Mr. Mezger made a motion to move ahead with the parking lot expansion process as presented and Mr. McKenna seconded the motion. In discussion, Mr. Williamson asked if we should expand the parking lot before we expand the terminal. Mr. Mathis said he talked to the architects and because the parking lot is almost full now and another airline is coming, they recommended expanding the parking lot now.

Mr. Roehm asked Mr. Bell to consider angle parking and the maximum size for the parking spaces to alleviate as many accidents as possible. Mr. Bell said he would.

All members voted aye and the motion passed.

The eighth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that for the month of February 2008 there were 748 air carrier operations, 840 air taxi, 2,553 general aviation (GA) itinerant and 41 military, for a total of 4,182 itinerant operations. Local GA operations were 2,934, for a total of 7,116 tower operations, up a whopping 59.7% from February a year ago. There was an extra day this year but it still was a substantial increase. There were 373 landings of aircraft weighing 12,500 pounds or more, up 14.4%.

Mr. Sprenger reported that passenger boardings were 30,047, up 11.2% from last February. Year to date of 59,013 is up 8.8% compared to the first two months of 2007.

Mr. Sprenger reported that Frontier Airlines is coming to Gallatin Field. He said that in April we have 8 markets with fares less than \$400; in June there are 45. In April we have 49 markets with fares less than \$500; in June we have 133. This is contingent on airlines surviving.

The ninth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that he has a request from the City of Belgrade for a minor easement and the contractor would appreciate our approval now because the developer is holding a check to them for \$700,000, which they cannot pay until the final plat is done. There is a ditch on the north side of Airport Road, and the contractor had to go outside the county's 60' easement and onto airport property to straighten out the waterline and bring it through. The city is asking for a maintenance easement on that piece. Mr. Mathis asked if the board would approve this request without it being an agenda item. He said he has had the request since February 27<sup>th</sup> but because he anticipated this to be a long meeting, he asked Joe Menicucci if it could wait until next month. Mr. Menicucci said it could. Just this morning the contractor asked Mr. Mathis to ask the board to consider the request.

The board said they hold other people to a standard when they want a decision that is not on the agenda. Mr. McKenna moved to deny the request to grant the easement and take it under consideration at the next meeting; Mr. Metzger seconded the motion and it passed unanimously. Mr. Mathis said there is still some argument over the width of the right of way, but not the portion on airport property.

Mr. Mathis also reported that we finally have a Draft Memo of Agreement for the radar screen at the tower. The bad news is that the cost is up to approximately \$380,000 for a PC. Mr. Mathis said an elephant is a mouse built to FAA specifications. We had hoped to get it for no charge but that didn't work out. Last year we budgeted \$350,000; this year we budgeted \$325,000. It is part of a Passenger Facility Charge (PFC) project and there is an additional \$93,200 available for the screen because we budgeted \$550,000 for our new broom truck and it came in at \$456,800. Mr. Mathis said we have the money to make it happen and it was already approved in the budget. He said if there is a midair collision in the valley and we haven't done everything we can to get the screen here, we would never forgive ourselves. If we write the check, the FAA said we can get the screen here in the fall. Mr. Mathis said the price includes two years of maintenance by the FAA.

Mr. Roehm said the compelling argument is always safety. None of the board members objected so we will move forward. Mr. McKenna said we object to the time it is taking.

Mr. Mathis said we need to hold a public meeting to seek final input on the Master Plan before we publish it. The meeting will be held at the Fire Station in the conference room. Mr. Mathis said he would put up the information boards and would have a pre-meeting period to answer any questions people might have. He will make the presentation with Mr. Bell and Mr. Sprenger assisting. The board members would like it to be an evening meeting around 7:00 p.m. Mr. Mathis will pick a date and see if anyone has any objections. It is not a board meeting so there doesn't need to be a quorum of board members present.

Mr. Mathis reported that he is still working on the interchange and they need an additional \$13,000 to get the environmental assessment on the shelf. He said the cost has

gone up because the Bozeman Transportation Plan was almost completed and the Federal Highway Administration didn't want us to have a different set of modeling numbers.

Some of the connector roads that were part of the local responsibility will be removed from the environmental assessment area. HKM Engineering is writing the document to remove them and Morrison-Maierle will rewrite the Access Request to access the interstate at that location to the Federal Highway Administration. After that there will be a public hearing. Mr. Bell said the additional \$13,000 is for those two rewrites and the public hearing was part of the original cost. Mr. Mathis has authority to spend up to \$20,000 without the board's approval and he said he agreed to pay the \$4,000. He said that we had budgeted \$500,000 this year for the interchange and we have the funds.

Gallatin County has agreed to pay \$4,000 and Gallatin Airport Authority will pay theirs but we may be asked to pay the \$4,000 for the City of Belgrade. Mr. Mathis said the environmental assessment proposal came in at \$294,000 so they are using the remaining \$6,000 plus the \$13,000 to get the assessment done.

Mr. Roehm asked what happened with the lady who said she was manhandled by the TSA. Mr. Mathis said he called her and apologized and told her he would forward her letter to John McKenna with the TSA here at Gallatin Field. She was satisfied with that.

Mr. Roehm asked about the ID card issue because the federal government said they won't honor Driver's Licenses issued by the State of Montana after May 1<sup>st</sup>. Mr. Sprenger said there are alternatives such as one government-issued photo identification; for example, a passport or a driver's license. In the absence of acceptable government issued photo identification, two forms of identification will be required, one of which must be government

issued, such as a social security card, voter registration card or birth certificate. The second form could be a WorldPerks card or a credit card, or other identifying card.

Mr. Sprenger said it is unfortunate that the government has taken this tact and it is a scare tactic for people traveling. It is a state and federal conflict that is leaking over to airports. Once the public reads it, they get concerned. The airline websites list what they will accept for identification. Mr. Sprenger said there are plenty of options.

Mr. Metzger said the board had to make some very hard decisions today and he thanked all the members for their civility.

The tenth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Williamson moved to pay the bills and Mr. Metzger seconded the motion, which carried without opposition.

The meeting was adjourned at 5:28 p.m.

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Richard R. Roehm, Chairman